

Third-Party Opinion

The description herein refers to the opinions based on this report, a related website (<http://www.yrc.co.jp/csr/en/>), and also interviews held with persons in charge from Yokohama Rubber's Raw Materials Procurement, Human Resources, Corporate General Affairs, and CSR departments. Suffice to say, Yokohama Rubber's various approaches to CSR are steadily progressing under the PDCA management cycle, especially with regard to its mitigation of environmental impacts.

■ Truly Commendable Areas

— Regarding corporate governance and CSR implementation system (<http://www.yrc.co.jp/csr/en/outline/group.html>), while I commend Yokohama Rubber for establishing interim targets up to 2017 and promoting initiatives using key performance indicators (KPI) based on the core subjects of ISO26000, going forward I hope the Company will develop a system that focuses on its position in world markets in 2017, its 100th anniversary, and beyond, and in particular, continue to use targets and measures created using a bottom-up approach at its domestic and overseas sites in order to incorporate many different values globally in its management decisions and practices. In terms of its reporting and communication structure, I would like the Company to provide more detailed introductions of the initiatives being carried out by Yokohama Group companies in Japan and abroad. I also hope that the Company will promote stakeholder engagement further as required by ISO26000, setting up opportunities for continuous dialogue with NPOs in important operating regions similar to those on biodiversity already begun at the Mie Plant.

— Regarding conservation of biological diversity (<http://www.yrc.co.jp/csr/en/report2014/environment/biodiversity.html>), I commend the Company for carrying out initiatives to foster a correct understanding of the positive and negative impacts it has on ecosystems, including by hosting employee-led workshops and briefings for the local community as well as conducting activities that conserve biological and ecosystem diversity autonomously across a wide area, at seven factories in Japan, including the Mie Plant, based on the preliminary studies implemented at 30 of the Company's business locations both in Japan and overseas in fiscal 2010. I hope that the Company will expand this same initiative gradually to its overseas business locations.

— Regarding the Yokohama Forever Forest Project (<http://www.yrc.co.jp/csr/mori/index.html> (Japanese language only)), in only six years since the project was launched, Yokohama Rubber's domestic and overseas sites have planted more than 320,000 trees with sufficient consideration towards the conservation and improvement of biodiversity. They nurtured the seedlings on their own, and not only were 73% supplied within the Yokohama Rubber Group in fiscal 2013, but also in Japan they have been providing a cumulative total of more than 161,000 seedlings so far to municipal governments and other companies. In particular, I commend the Company for playing a leading role in the "Green Coastal Levee that Protects Lives" project planned for those areas affected by the Great East Japan Earthquake. I also truly commend this world-leading initiative for contributing to society to preserve and improve forest ecosystems and greenery. Going forward, I hope that the Yokohama Forever Forest Project website will evolve into a portal that also introduces many examples of similar initiatives taking place at other companies.

■ While Approving of Progress, Areas that May Required Further Improvement

— Regarding its quality assurance implementation system (<http://www.yrc.co.jp/csr/report2014/customer/index.html>), while I commend Yokohama Rubber for expanding its involvement in product planning and development stages, I hope that it will incorporate the minimization of impacts on customers as part of its management indicators and further advance quantitative and effective measures.

— Regarding the reduction of environmental impacts (http://www.yrc.co.jp/csr/en/report2014/environment/production_2.html), I praise the company for the progress it has made. This includes reducing the environmental impacts of products, including increasing the use of powdered recycled rubber by some 16% compared to last year, achieving the interim targets for lowering waste emissions and GHG emissions,

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The International Institute for Human, Organization and the Earth is a non-profit organization established in 1994 for the democratic and balanced development of all the lives on the earth. Although it mainly provides management support for citizens' groups and welfare workers, the group is also heavily involved in providing CSR support to major companies.
<http://blog.canpan.info/iihoe/> (Japanese language only)



establishing a long-term target for reducing GHG emissions, and its progress overseas where it is holding area-specific environmental management meetings in China. Going forward, I strongly encourage the Company to thoroughly shed light on its challenges and methods, such as transitioning to the non-fixation of energy usage adjustable to the fluctuation of production volume (Just-In-Time for Energy), and also to share the same support system among divisions and overseas sites.

— As for CSR at suppliers (<http://www.yrc.co.jp/csr/en/report2014/partner/partner1.html>), I commend the Company for holding CSR workshops in key global locations and establishing a commendation system based on purchasing rules. In order to more effectively improve initiatives being undertaken by suppliers, I strongly encourage the Company to establish a support system with suppliers for sharing and problem solving actual cases and further understanding initiatives in greater detail, based on global trends in the sector.

— Regarding improvement of workplaces to retain employees (<http://www.yrc.co.jp/csr/en/report2014/employee/employee4.html>), I commend the fact that 3.47% of Yokohama Rubber employees took advantage of the systems for paid vacation, leave of absence or shorter work hours in order to care for a child or family member in need. Going forward, I strongly urge the Company to establish an environment where employees can continue to work, while also taking leave, such as by hosting workshops that introduce examples of people that have taken nursing care leave. In terms of mental health care, while commending the Company for conducting stress screening on all of its employees, going forward I hope the Company will promote even more effective measures aimed at preventative care, such as establishing a hotline where employees can discuss personal problems. I also praise the Company for making progress with the reemployment of retired workers and I expect the Company to encourage the participation and involvement of reemployed workers in their local communities.

— As for the enhancement of a human resource portfolio required as a global corporation over the midterm, I think it is good that the Company has begun strengthening personnel development efforts across the Group for managerial level employees. Meanwhile, going forward, I strongly encourage the Company to accelerate its development of the next generation of executives at both its head office and overseas sites based on a long-term goal and strategy given where the market and the company will be in 10 years time.

— As for employment of persons with disabilities (<http://www.yrc.co.jp/csr/en/report2014/employee/employee5.html>), I commend the Company for achieving the statutory employment rate of persons with disabilities. I ask that the company to continue to work proactively toward implementing measures to ensure that employees with disabilities are retained over the long term.

■ Areas that Require Further Efforts

— As for employee safety (<http://www.yrc.co.jp/csr/en/report2014/employee/employee2.html>), I find it very regrettable that a serious accident happened at the Company and that there were problems with its initial response and reporting. Moving forward, I urge the company to not only look back on past accidents on the calendar, but also to incorporate safety improvements and remedies for facility specifications and to issue a report about the progress of evaluations and improvements to ensure the greater effectiveness of safety measures.

▶ Response to Third-Party Opinion

While we have received certain positive feedback regarding our CSR initiatives, we take suggestions and recommendations very seriously, as something to be improved upon in continuing to meet the expectations of our stakeholders.

First, safe workplaces represent the very foundation of our business activities and as such we are working diligently to develop an environment where workers can engage in manufacturing in safety and with peace of mind. On top of this, in order to pursue sustainable business activities in Japan and overseas in a stable manner, we will carry out biological diversity conservation studies and develop an employee-friendly

workplace environment where employees can contribute their skills and abilities, through reviews of our nursing care system and employment system for people with disabilities, to accommodate the need of employees in an aging society. To that end, we will continue to hold discussions and dialogue with our stakeholders in the future.

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and Yokohama Motorsports International Co., Ltd.

Fumio Morita

